

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF MISSISSIPPI  
NORTHERN DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

ARTHUR LAMAR ADAMS AND  
MADISON TIMBER PROPERTIES, LLC,

Defendants.

Case No. 3:18-cv-252

Hon. Carlton W. Reeves, District Judge

Hon. F. Keith Ball, Magistrate Judge

**MOTION FOR APPROVAL OF SETTLEMENT**

Alysson Mills, in her capacity as the court-appointed receiver (the “Receiver”) for Arthur Lamar Adams and Madison Timber Properties, LLC, through undersigned counsel, respectfully moves the Court to enter the attached proposed Order Approving Settlement,<sup>1</sup> which approves the Receiver’s Settlement Agreement with Frank Zito [**Exhibit A**]. In support, she states as follows:

1.

Mr. Zito received Madison Timber “commissions,” or like payments, totaling \$222,750.

2.

The Receiver and Mr. Zito have agreed to resolve the Receivership Estate’s claims to that money without litigation. Mr. Zito shall return to the Receivership Estate \$200,000, reflecting 90% of the total “commissions” or like payments that he received, and in turn the Receiver shall release

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<sup>1</sup> Pursuant to the Court’s Administrative Procedures for Electronic Case Filing, Sec.5.B, the proposed Order Approving Settlement is being transmitted via e-mail to Judge Reeves’s chambers simultaneous with the filing of this motion.

all claims the Receivership Estate has or may have against Mr. Zito. Mr. Zito shall cooperate with the Receiver in her attempts to recover money for the Receivership Estate, including by providing testimony as requested.

3.

The proposed settlement reflects a 10% discount that the Receiver believes is fair and reasonable consideration for the avoidance of the time and expense that would have accompanied any litigation.

4.

The proposed settlement does not reflect any discount for the losses Mr. Zito himself suffered as an investor in Madison Timber. Mr. Zito shall be treated equally as any other investor in any equitable distribution by the Receivership Estate.

5.

This proposed settlement follows meaningful, informed, arm's length negotiations between the Receiver and Mr. Zito, both represented by highly capable counsel.

6.

The Receiver greatly appreciates Mr. Zito's offer to return 90% of the "commissions" or like payments that he received from Madison Timber and hopes that his example may encourage others in the same position to do the same.

7.

The Receiver believes settlement on the proposed terms without litigation unquestionably is in the Receivership Estate's best interests. The Receiver thus recommends that the Court approve the Settlement Agreement by entering the proposed Order Approving Settlement.

WHEREFORE the Receiver asks that after due consideration the Court enter the proposed Order Approving Settlement.

November 20, 2018

Respectfully submitted,

*/s/ Lilli Evans Bass*

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*/s/ Brent B. Barriere*

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## **CERTIFICATE OF SERVICE**

I certify that I electronically filed the foregoing with the Clerk of Court using the ECF system which sent notification of filing to all counsel of record.

In addition, I have separately emailed a copy of the foregoing to:

John Anjier

jcanjier@liskow.com

*Counsel for Frank Zito*

Date: November 20, 2018

/s/ *Lilli Evans Bass*

Miss. Bar No. 102896